

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Athletic Department
University of Southwestern Louisiana
State of Louisiana
Lafayette, Louisiana

February 4, 1998



Financial and Compliance Audit Division

***Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor***

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**ATHLETIC DEPARTMENT
UNIVERSITY OF SOUTHWESTERN LOUISIANA
STATE OF LOUISIANA
Lafayette, Louisiana**

**Financial Statement and
Independent Auditor's Report
For the Year Ended June 30, 1997**

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor and at the office of the parish clerk of court.

February 4, 1998

**ATHLETIC DEPARTMENT
UNIVERSITY OF SOUTHWESTERN LOUISIANA
STATE OF LOUISIANA**

**Financial Statement and
Independent Auditor's Report
For the Year Ended June 30, 1997**

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DANIEL G. KYLE, PH.D., CPA, CFE
LEGISLATIVE AUDITOR

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January 6, 1998

Independent Auditor's Report
(including section on internal control)

DR. RAY P. AUTHEMENT, PRESIDENT
UNIVERSITY OF SOUTHWESTERN LOUISIANA
STATE OF LOUISIANA
Lafayette, Louisiana

We have audited the general purpose financial statements of the University of Southwestern Louisiana, a component unit of the State of Louisiana reporting entity, as of and for the year ended June 30, 1997, and have issued our report thereon dated November 3, 1997. As requested by the university, we have also applied certain minimum agreed-upon procedures contained in the *National Collegiate Athletic Association Financial Audit Guidelines* to the accounting records and internal control structure of the University of Southwestern Louisiana Athletic Department and to the related outside organizations created for or in behalf of the university's *Intercollegiate Athletics Program* for the year ended June 30, 1997, solely to assist the university in complying with the National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.1. It is understood that this report is solely for your information. However, by provisions of state law, this report is a public document and has been distributed to the appropriate public officials.

Because the following minimum agreed-upon procedures do not constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the accounts or items on the accompanying statement of revenues and expenditures of the athletic department or on the financial information of the related outside organizations included in this report. Had we performed additional procedures or had we made an audit of any financial statements of the *Intercollegiate Athletics Program* and related outside organizations of the University of Southwestern Louisiana, in accordance with generally accepted auditing standards, matters might have come to our attention that would be reported to you. This report relates only to the accounts and items discussed as follows and does not extend to the general purpose financial statements of the University of Southwestern Louisiana, its *Intercollegiate Athletics Program*, or related outside organizations taken as a whole. Our minimum agreed-upon procedures follow.

LEGISLATIVE AUDITOR

**DR. RAY P. AUTHEMENT, PRESIDENT
UNIVERSITY OF SOUTHWESTERN LOUISIANA
STATE OF LOUISIANA
Audit Report, June 30, 1997**

STATEMENT OF REVENUES AND EXPENDITURES

Test of Statement

We obtained from management the statement of revenues and expenditures for the year ended June 30, 1997, as shown on Statement A, and obtained written representation from management as to its fair presentation. In addition, we verified the mathematical accuracy of the amounts on the statement and traced the amounts to the university's accounting records. We noted no differences between the amounts in the revenue and expenditure ledgers and the amounts on the statement.

Comparison of Statements

We compared the statements of revenues and expenditures for June 30, 1996, and June 30, 1997, to determine the percentage of increase or decrease between the two years. The university provided satisfactory responses for any material variances between the two years.

**Comparison of Budget to Actual
Revenues and Expenditures**

We compared the budgeted revenues and expenditures to actual revenues and expenditures for the year ended June 30, 1997, to determine if there were any material variances. The university provided satisfactory responses for any material variances between budgeted and actual amounts.

**Contributions Exceeding 10 Percent
of Total Contributions**

We obtained from university management a list of contributions received by the athletic department and determined that there were no individual contributions received by the athletic department that exceeded 10 percent (\$71,924) of the total contributions.

LEGISLATIVE AUDITOR

DR. RAY P. AUTHEMENT, PRESIDENT
UNIVERSITY OF SOUTHWESTERN LOUISIANA
STATE OF LOUISIANA
Audit Report, June 30, 1997

EXPENDITURES OF OUTSIDE ORGANIZATIONS MADE
FOR OR IN BEHALF OF THE UNIVERSITY OF
SOUTHWESTERN LOUISIANA INTERCOLLEGIATE
ATHLETICS PROGRAM

Review of Financial Activities
of Outside Organizations

We obtained written representation from management of the university that the following booster groups were the only outside organizations created for or in behalf of the athletic department. In addition, we obtained from representatives of the outside organizations statements of cash receipts and disbursements with written representations as to the fair presentation of the statements. We also reconciled the cash disbursements made by outside organizations for or in behalf of the athletic department to the statement of revenues and expenditures, and we reconciled the direct payments of outside organizations to the accounting records of the university and to the revenues reported on the statement of revenues and expenditures (Statement A).

<u>University of Southwestern Louisiana Outside Organizations' Accounts</u>	<u>Beginning Balance July 1, 1996</u>	<u>Receipts</u>
University of Southwestern Louisiana Foundation, Inc.		
Restricted funds:		
Ragin' Cajun Track Scholarship Fund	\$22,705	\$165
Ragin' Cajun Club - Football		7,532
Ragin' Cajun Club - Track	8,214	61,306
Ragin' Cajun Club - Baseball	13,321	92,367
Ragin' Cajun Club - Tennis	39,384	44,886
Ragin' Cajun Club - Golf	8,878	34,030
Ragin' Cajun Club - Training Room	2,877	15,394
Ragin' Cajun Club - Sports Information	754	6,250
Ragin' Cajun Club 1996	118,719	310,619
Ragin' Cajun Club 1997		4,009
Ragin' Cajun Club - Women's Basketball	1,918	7,231
Ragin' Cajun Club - Women's Tennis	8,827	6,909

<u>Contributions to Athletic Department</u>	<u>Payments Contributions for Athletic Department</u>	<u>Other</u>	<u>Ending Balance June 30, 1997</u>
\$14,155			\$8,715
3,520			4,012
29,478	\$6,450	\$45	33,547
76,000		6	29,682
18,772			65,498
19,500			23,408
11,800			6,471
1,000			6,004
7,096	290,348	131,894	
4,009			
3,155			5,994
1,013			14,723

LEGISLATIVE AUDITOR

**DR. RAY P. AUTHEMENT, PRESIDENT
UNIVERSITY OF SOUTHWESTERN LOUISIANA
STATE OF LOUISIANA**

Audit Report, June 30, 1997

<u>University of Southwestern Louisiana Outside Organizations' Accounts</u>	<u>Beginning Balance July 1, 1996</u>	<u>Receipts</u>
University of Southwestern Louisiana Foundation, Inc.		
Restricted funds: (Cont.)		
Ragin' Cajun Club - Women's Volleyball	\$225	\$2,275
Ragin' Cajun Club - Women's Softball	44,779	54,282
Athletics:		
Acadiana Ambulance Service Track	7,058	1,453
Sports Enhancement Fund	30,747	580
Promotions	400	4,452
CFA/Hitachi Promise of Tomorrow		5,000
Special Account	137,409	34,161
Athletic Tutoring Fund	206	4
Bowling Team	853	101
Donna Parker Briggs Scholarship	746	20
Cajun Road Runners Track	325	
Cajun Track and Field Officials	2,880	18
Industrial Helicopters Track	5,057	102
Louisiana Classics Fund	135,640	130,470
Ragin' Rouge Scholarship	2,914	122
Dutch Reinhart Scholarship	1,698	49
USL Soccer Team Fund	809	18
Lesley A. Zeller Memorial Fund	4,993	165
Endowment funds:		
Dr. John B. Aycock, Sr.	4,128	317
Nolan J. Badeaux Scholarship	3,692	283
Bill Bass Memorial Golf Scholarship	16,212	5,194
Raymond Didier Memorial	12,429	950
J. Y. Foreman Fund	19,801	1,520
Forty and Eight Baseball Scholarship	25,814	1,972

Contributions to Athletic Department	Payments		Ending Balance June 30, 1997
	Contributions for Athletic Department	Other	
\$2,245			\$255
45,818	\$5,229		48,014
			8,511
6,000	1,265		24,062
	3,284		1,568
			5,000
	15,202	\$43,902	112,466
			210
			954
			766
			325
			2,898
			5,159
99,461		33,000	133,649
			3,036
			1,747
			827
			5,158
		50	4,395
		49	3,926
		234	21,172
1,200		164	12,015
		263	21,058
3,000		329	24,457

LEGISLATIVE AUDITOR

DR. RAY P. AUTHEMENT, PRESIDENT
UNIVERSITY OF SOUTHWESTERN LOUISIANA
STATE OF LOUISIANA
 Audit Report, June 30, 1997

<u>University of Southwestern Louisiana</u> <u>Outside Organizations' Accounts</u>	<u>Beginning Balance July 1, 1996</u>	<u>Receipts</u>
University of Southwestern Louisiana Foundation, Inc.		
Endowment funds: (Cont.)		
Herbert Heymann Fund	\$24,816	\$1,905
Buddy Marine Fund	184,758	13,377
William H. Michot Fund	2,502	192
Catherine Moore Memorial - Athletics	24,790	1,896
Tigue Moore Baseball Scholarship	126,466	9,666
Jim Picard Memorial Golf Fund	54,775	4,208
C. B. "Beans" Roy Baseball Scholarship	12,458	952
Howard O. Roy Scholarship	13,182	1,007
Herbert E. Schilling, Sr.	12,443	951
Digger-Segura Golf Scholarship	27,159	9,245
USL Athletic Scholarship	<u>75,427</u>	<u>12,945</u>
Total	<u>\$1,243,188</u>	<u>\$890,550</u>

**INTERNAL CONTROLS - POLICIES AND PROCEDURES
 RELATING TO INTERCOLLEGIATE ATHLETICS -
 AGREED-UPON PROCEDURES**

Management of the University of Southwestern Louisiana is responsible for establishing and maintaining internal controls. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of controls are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Contributions to Athletic Department	Payments Contributions for Athletic Department	Other	Ending Balance June 30, 1997
		\$328	\$26,393
		55,708	142,427
		33	2,661
\$2,000		328	24,358
12,500		1,666	121,986
		652	58,331
1,200		164	12,046
1,500		165	12,524
1,200		164	12,030
		325	36,079
		973	87,399
\$365,622	\$321,778	\$270,442	\$1,175,896

LEGISLATIVE AUDITOR

**DR. RAY P. AUTHEMENT, PRESIDENT
UNIVERSITY OF SOUTHWESTERN LOUISIANA
STATE OF LOUISIANA**
Audit Report, June 30, 1997

Because of inherent limitations in internal controls, errors or fraud may, nevertheless, occur and not be detected. Also, projection of any evaluation of the controls to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

The following minimum agreed-upon procedures, applied to certain aspects of the university's internal controls, were more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole. Because our study and evaluation was limited to applying minimum agreed-upon procedures discussed in the preceding paragraphs to certain aspects of the controls, we do not express an opinion on whether the internal controls of the University of Southwestern Louisiana, in effect for the year ended June 30, 1997, taken as a whole, were sufficient to meet the objectives stated above. In connection with our applied procedures, nothing came to our attention that would require disclosure. Our minimum agreed-upon procedures are as follows:

Test of the Internal Control Environment

We performed a preliminary review of the internal controls of the athletic department by reviewing the organizational chart, employee job descriptions, written athletic department policies and procedures, and by performing tests on the extent of documentation and flow of transactions through the accounting system. Although the duties of employees in the athletic department are not properly segregated to provide good internal accounting controls, management of the university has established alternative control procedures.

Booster Group Activities

We reviewed the university's procedures for monitoring booster group activities. The Vice President for Business and Finance reviews the financial transactions of the booster groups maintained within the accounts of the University of Southwestern Louisiana Foundation, Inc., and approves all payments.

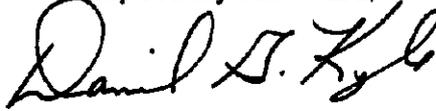
LEGISLATIVE AUDITOR

**DR. RAY P. AUTHEMENT, PRESIDENT
UNIVERSITY OF SOUTHWESTERN LOUISIANA
STATE OF LOUISIANA
Audit Report, June 30, 1997**

Independent Audit of Outside Organization

The financial statements of the University of Southwestern Louisiana Foundation, Inc., were audited by an independent certified public accounting firm for the year ended June 30, 1997, and the audit report is dated November 14, 1997.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle". The signature is written in a cursive style with a large initial "D".

**Daniel G. Kyle, CPA, CFE
Legislative Auditor**

DHM:DLH:dI

[USL-NCAA]

**ATHLETIC DEPARTMENT
UNIVERSITY OF SOUTHWESTERN LOUISIANA
STATE OF LOUISIANA**

**Statement of Revenues and Expenditures
For the Year Ended June 30, 1997**

	CURRENT FUNDS		
	(PORTION OF) UNRESTRICTED - AUXILIARY ENTERPRISE FUND	RESTRICTED - ATHLETIC DEVELOPMENT FUND	TOTAL (MEMORANDUM ONLY)
REVENUES			
Student fees	\$1,525,000		\$1,525,000
Gate receipts	916,119		916,119
Guarantees	1,094,820		1,094,820
Program sales	19,004		19,004
Concessions	55,584		55,584
Outside funds (booster clubs, etc.)	465,553		465,553
In-kind contributions (note 2)		\$253,687	253,687
Rental of facilities	38,470		38,470
Other	793,792		793,792
Total revenues	4,908,342	253,687	5,162,029
EXPENDITURES			
Personal services:			
Coaches' salaries	1,410,212		1,410,212
Other salaries	91,038		91,038
Fringe benefits	267,012		267,012
Travel	700,079	4,608	704,687
Operating services	453,769	39,527	493,296
Supplies	365,979	60,921	426,900
Professional services	309,517	139,781	449,298
Guarantees	458,431		458,431
Scholarships	794,339		794,339
Other charges	26,428		26,428
Equipment	30,166	8,850	39,016
Total expenditures	4,906,970	253,687	5,160,657
EXCESS OF REVENUES OVER EXPENDITURES	\$1,372	NONE	\$1,372

The accompanying notes are an integral part of this statement.

**ATHLETIC DEPARTMENT
UNIVERSITY OF SOUTHWESTERN LOUISIANA
STATE OF LOUISIANA**

Notes to the Financial Statement
For the Year Ended June 30, 1997

INTRODUCTION

The University of Southwestern Louisiana is a publicly supported institution of higher education. The university is a component unit of the State of Louisiana within the executive branch of government. The University of Southwestern Louisiana Athletic Department is a part of University of Southwestern Louisiana. The accompanying financial statement presents information only as to the transactions of the University of Southwestern Louisiana Athletic Department.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FUND ACCOUNTING

To observe limitations and restrictions placed on the use of available resources, the accounts of the University of Southwestern Louisiana are maintained in accordance with the principles of fund accounting. Such principles prescribe the manner in which resources for various purposes are classified, for accounting and reporting purposes, into funds that are in accordance with the activities or objectives specified. Accounts are maintained for the transactions of the athletic department as follows:

Current Funds

Current funds are operating funds that will be expended in the near future. Such funds have two basic subgroups, unrestricted and restricted. Unrestricted current funds include all funds for operating purposes on which there are no restrictions, except the budgetary control provisions included in the annual legislative appropriation act, and include the Auxiliary Enterprise Fund. The Auxiliary Enterprise Fund includes the operating accounts of the athletic department. Restricted current funds represent those operating funds on which restrictions have been imposed to limit the purposes for which such funds can be used.

B. BASIS OF ACCOUNTING

The accounts of the athletic department are maintained on the accrual basis of accounting as follows:

Revenues

Substantially all revenues are recognized when earned.

**ATHLETIC DEPARTMENT
UNIVERSITY OF SOUTHWESTERN LOUISIANA
STATE OF LOUISIANA
Notes to the Financial Statement (Continued)**

Expenditures

Expenditures are recognized under the accrual basis of accounting when incurred, except that (1) depreciation is not recognized; (2) annual and sick leave are recognized when paid; and (3) inventories of the General Fund are recorded as expenditures at the time of purchase.

C. EMPLOYEE COMPENSATED ABSENCES

Employees of the university working in the athletic department earn annual and sick leave in accordance with state law and administrative regulations. Leave benefits are reflected in the accompanying financial statement when paid.

D. TOTAL COLUMN ON STATEMENT

The total column on Statement A is captioned Memorandum Only (overview) to indicate that it is presented only to facilitate financial analysis. Data in this column does not present results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

**2. CONTRIBUTIONS (GIFTS-IN-KIND) FROM
OUTSIDE ORGANIZATIONS**

Expenditures on Statement A reflect gifts in the form of goods, services, and benefits paid for or in behalf of the athletic department as follows:

Travel	\$4,608
Operating services	39,527
Supplies	60,921
Professional services	139,781
Equipment	<u>8,850</u>
Total	<u><u>\$253,687</u></u>

**ATHLETIC DEPARTMENT
UNIVERSITY OF SOUTHWESTERN LOUISIANA
STATE OF LOUISIANA
Notes to the Financial Statement (Concluded)**

**3. OUTSIDE ORGANIZATIONS CREATED FOR OR IN
BEHALF OF THE UNIVERSITY OF SOUTHWESTERN
LOUISIANA INTERCOLLEGIATE ATHLETICS PROGRAM**

The funds on the statement of cash receipts and disbursements of outside organizations, as previously reported, are the only outside organizations created for or in behalf of the University of Southwestern Louisiana Intercollegiate Athletics Program. The accounts indicated are maintained within the University of Southwestern Louisiana Foundation, Inc., which is a separate corporation.